

Did you know interest that accrues during construction is allowable?

New county facilities that are constructed are eligible for reimbursement as a rental rate facility. This allows the county to allocate and possibly get reimbursed for interest that is paid to extinguish the borrowing for that building. But what if interest accrues before the building is occupied?

This interest is allowable and should be spread over the life of the debt remaining after occupancy, in the same manner that bond issuance costs are treated in the example in our handbook (<http://www.sco.ca.gov/ard/manual/costplanhandbook.pdf>).